

Message Text

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15

ACTION COME-00

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FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 2474

INFO AMEMBASSY RABAT

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E.O.: 11652: NA

TAGS: BEXP MO

SUBJECT: EUROPA HOTEL EXPANDS IN MOROCCO

REF: CASABLANCA 715

1. AS RESULT OF APPARENT QUID PRO QUO ARRANGEMENT DEPENDENT UPON EUROPA HOTEL (EH) MANAGING HOTEL CASABLANCA (ALIAS HOLIDAY INN), GOM HAS GIVEN EH PERMISSION TO INVEST IN AND BUILD TWO 250 BEDROOM HOTELS, IN AGADIR AND IN MARRAKECH. AS REPORTED REFTEL PARA 3, EH WAS UNSUCCESSFUL IN INITIAL ATTEMPT TO OBTAIN SUCH PERMISSION AFTER PERFORMING FEASIBILITY STUDIES BOTH SITES AND MAKING HOTEL CONSTRUCTION PROPOSALS TO GOM. EH REP HAS NOW ADVISED THAT CONSTRUCTION OF AGADIR HOTEL HAS COMMENCED.

2. INTERTWINED IN ABOVE ARRANGEMENT IS THE ESTABLISHMENT OF EUROPA-MAROC, A CONSORTIUM OWNERSHIP BY LE CREDIT IMMOBILIER HOTELIER (CIH) - 25 PERCENT; MOROCCAN BUSINESSMEN - 30 PERCENT; AND EH - 35 PERCENT. EUROPA-MAROC WHICH MANAGES HOTEL CASABLANCA WILL MANAGE THE AGADIR AND MARRAKECH HOTELS. EH REP STATED, HOWEVER, THAT EH DIRECTORS ARE NOT HAPPY WITH HOTEL CASABLANCA MANAGEMENT AGREEMENT SINCE EH CUSTOMARILY ACQUIRES EQUITY IN HOTELS IT MANAGES. THE POSSIBILITY ALSO EXISTS THAT THE AGREEMENT WILL BE NULLIFIED IF THE IBRD INTERNATIONAL CENTER FOR INTERNATIONAL DISPUTES IN ADJUDICATING THE HOLIDAY INN/GOM DISPUTE RULES IN FAVOR OF HOLIDAY INN AND THE HOTEL REVERTS TO

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HOLIDAY INN.

3. NO DOUBT THE GOM IS AWARE OF LUCRATIVE MANAGEMENT FEES
INTERNATIONAL HOTELIERS ARE RECEIVING TO ESTABLISH HOTELS
IN DEVELOPING COUNTRIES. THUS CIH'S OWNERSHIP IN EUROPA-
MAROC AND THE GOM'S CONTINUING PROGRAM OF ACQUIRING OWNER-
SHIP IN PRIVATE ENTERPRISES IN MOROCCO MANIFESTING PROFIT-
ABLE OPERATIONS MAY PRESAGE A GOM POLICY WHEREBY FUTURE
INTERNATIONAL HOTELIERS COMING INTO MOROCCO WILL BE OBLIGED
TO INCLUDE CIH AS MANAGING PARTNER OF HOTEL; WHATEVER FORM
OF GOM FINANCIAL PARTICIPATION IN ESTABLISHING THE HOTEL.
BRUBECK

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